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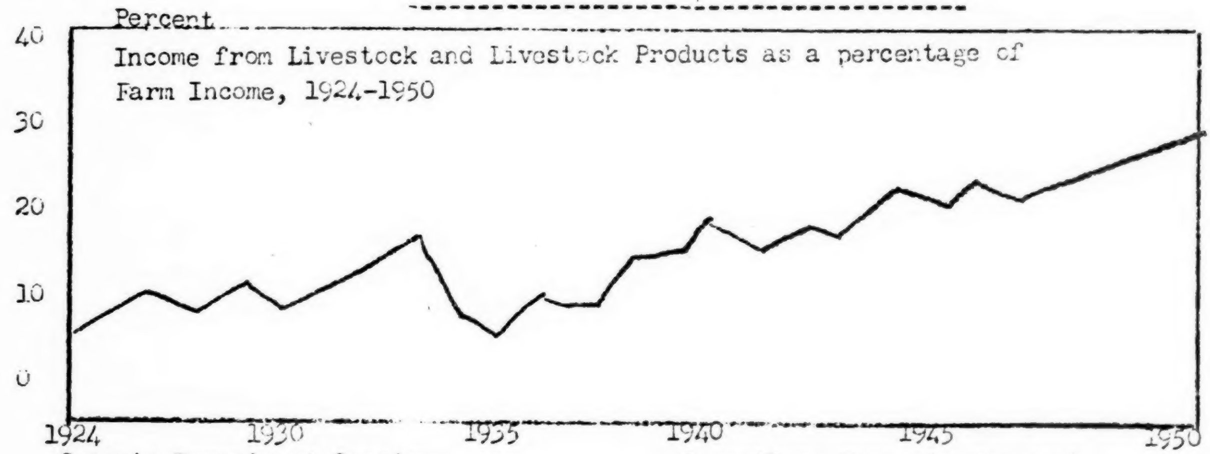

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BUSINESS INDICATORS -- J. WHITNEY BUNTING

During the past month most economic signs again point to a continuation of good business conditions supported not only by a strong popular buying effort but also by the development of defense production and the payrolls thereof. In addition, an increasing population trend has become apparent. The recent statement that the Atlanta area is destined to be one of the critical areas for bombing attack forcefully strengthens the fact that defense and mobilization authorities are considering an all-out increased productivity for this area. The above conditions lead us to believe that Atlanta and the surrounding area will continue to be one of the strongest influences in the support of the economic growth and development of the Southeastern region.

Federal Reserve Bank of Atlanta figures showed that greater cash buying served to offset declines in installment sales for furniture stores in the Sixth District during February. Therefore, although sales were 3% less than in February of the past year, nevertheless, they were considerably above the anticipated figure occasioned by earlier governmental credit restrictions. Sales reported by household appliance stores in the Sixth District during February were 22% greater than February of 1950. This was caused by a 52% increase in total cash sales and a 50% increase in

charge account sales for this type of commodity. Atlanta reported an increase of 11% in such sales over February of last year compared with a 23% increase for the state as a whole. Department store stocks in the Atlanta area remained relatively constant showing only a slight increase. Department store sales, according to the Atlanta Federal Reserve Bank, remained at a high level and showed a 17% increase over the sales of February a year ago.

Wholesale price figures compiled by the Bureau of Labor Statistics of the United States Department of Labor show a continued increase as of the end of March. Greatest advance, of course, falls in the general category of food prices for there has been little effort to control the price rise in this general area. However, prices of commodities other than farm and food products also showed an advance of about 30% over the same period a year ago. Sixth District Federal Reserve Banks reported a slight decline in consumer installment credit outstanding during February, with a reduction of about 2.6 million dollars. Other items of importance in the Federal Reserve Bank of Atlanta report on the condition of 27 reporting member banks of the Sixth District are as follows: total loans increased over the preceding year by 249 million dollars; demand deposits (adjusted) increased by 108 million dollars between March 1950 and March 1951; all other deposits increased by 20 million dollars. It is significant to note, however, that time deposits over this period of time decreased by 33 million dollars. Total assets for all reporting banks amounted to $3,327,000,000.

Statistically speaking, the Atlanta area continues to show the strength that is necessary to promote good economic conditions. The advent of the sales tax will undoubtedly cause some changes and modifications in consumer buying for the area. However, it is still too early to fully determine the effect which the sales tax may have upon retail sales. If strong economic supporting factors still persist, the sales tax may have little if any effect upon the over-all dollar volume of retail business.

ANALYSIS OF AN ANNUAL REPORT-- G. W. P. LAMB

Utility plant $255,628,586.................. Capital Stock $107,615,356..........
Gross Revenue $70,367,726 .... Operating Expenses $44,264,136.........
Taxes Paid $12,787,900 .... Such figures as these indicate large-scale business indeed.

They are, of course, Georgia Power Company figures as at December 31, 1949. Figures for 1950 will be available soon. Meanwhile it is not a waste of time to analyze the 1949 figures and to compare them briefly with the corresponding figures for 1948 and 1947.

The Company's rate of growth is as impressive as its magnitude. Georgia Power serves 80% of the State of Georgia in terms of area and 90% of the State of Georgia in terms of population. And the business expands with every day which passess--since 1947 the sum invested in new capital equipment <u>each year</u> has been of the order of $30,000,000; the number of new customers added to the books <u>each year</u> has been of the order of 30,000; and the number of new kilowatt hours of electricity added to output <u>each year</u> has been of the order of 100,000.

Assuming that world war is avoided, and assuming that Georgia's industrial and commercial activities continue to expand (as they probably will) at their present rate, Georgia Power Company's rate of annual growth will certainly be maintained. Also, there is no reason to assume, at least for as far ahead as can reasonably be seen, that it will be much increased. Stability in rate of growth, in fact, has in all likelihood been achieved. This must be welcome to the men who plan the company's future: immense investments are involved in all of their decisions and error in their estimates would be extremely costly. But although the future in general may be fairly easy to foresee, the future in detail remains obscure--changes in population, changes in degree of electrification, and changes in power-using habits together make up three variables whose combined effect on consumption, and especially on the volume of consumption in any one area as compared with others, cannot easily be foretold.

The ratio of investment to revenue is also of interest. Where value of plant is $256 millions and revenue is 70 millions, capital has obviously been most skilfully invested: to arrange matters so that three-and-a-half years' revenue equals capital investment is indeed a triumph. Few other businesses anywhere, and very few other businesses in the public utilities field, can show comparable results.

Dividend on Preferred Stock in 1949 was $2,676,064. Dividend on Common Stock was $4,875,000. These two items together total $7,551,064--a figure approximately <u>half</u> of the total of tax paid. Where money's worth provided is $70 millions, tax is $13 millions, amortization and depreciation are $8 millions, and profits available for distribution are only $7 millions, two conclusions are inescapable--first, that a fine and increasing public service is being rendered; and second, that the people who on analysis render that service (namely the stockholders) are certainly not overpaid.

Georgia Power Company's 1950 figures will be available before the next issue of this bulletin appears; a further analysis will then be made.

FOREIGN TRADE AND OUR NATIONAL ECONOMY -------------------------------- J. G. MAYTON

Although American exports normally constitute between 7 and 8 per cent of national production, the importance of our foreign trade is not to be measured by this ratio. Our national economy and welfare are most definitely affected by the nature and extent of our exports and imports. The fact that such small percentage of our production is being exported obscures the basic relationship between foreign trade and our industry and agriculture. Few people realize that over 2 million American workers, who together with their families constitute about 10 per cent of our population, are dependent for their livelihood upon the sale abroad of the articles they produce.

In a normal year before the depression the United States shipped abroad 50 per cent of our production of motorcycles, 20% of our printing machinery and of lubricating oil, nearly 40% of our typewriters, nearly 35% of our copper and kerosene, 20% of our agricultural machinery and locomotives, 17% of our cash registers, 15% of our gasoline, nearly 10% of our automobiles. Also impressive have been our exports of agricultural products--nearly 60% of our cotton, more than 35% of our tobacco, over 50% of our prunes and raisins, 30% of lard and rye, 20% of our apples, 23% of our rice and more than 18% of our wheat--to mention but a few items. These figures show

very conclusively how vital to the prosperity of the American economy are foreign markets for the products of our factories and farms. In fact, any slight deviation in output of any of the above mentioned articles can spell the difference between profit and loss. Many Americans engaged in industry and agriculture and the export trade will remember how the loss of export markets for the above products during the world-wide depression of the thirties affected our economy and deepened as well as prolonged economic stagnation.

The United States is also the largest importer of goods produced in other countries and thus contributes to the economic mainstay. Coffee, tea, and cocoa come from abroad as do most of our bananas and sugar. Many of our basic raw materials are imported from foreign lands. Included among these are silk, crude rubber, and wools; many alloy metals such as nickel, tin, tungsten, and manganese; vegetable oils, hides, bristles, shellack as well as many other raw materials essential to industry. The dependence of American industry upon these various raw materials should be obvious to everyone. Interference with such imports can affect numerous industrial establishments and the people dependent upon them for livelihood. Equally damaging would such interruption of trade be to the standard of living of the American people.

During the past twenty years, foreign trade has been subject to periodic interruptions and interferences caused by world conditions beyond our control. The period immediately preceding World War II and the events since has witnessed a serious dislocation of commerce. Because of the importance of such trade in our economy, the United States Government has always been alert to the formulation of trade policies which would promote mutually beneficial exchange between the trading countries of the world. The great barriers to international exchange have been high import duties, export subsidies, and discriminating trade agreements. To such commercial policies may be attributed the stagnation of international commerce following World War I and the prolongation of the world-wide depression in 1929-1935. American Trade Agreements with the various countries of the world during the past fifteen years contributed to the expansion of our own foreign trade and the improvement of the national economy of amny countries. Of similar value has been the European Recovery Plan, both programs of which will be discussed in the next issue.

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